

PPE 160  
Freedom, Markets, and Well-Being  
TR 1:15–2:30, Pearsons 202

Fall 2013  
E. Brown and M. Green

#### Office hours

Brown: Mondays 3:30–4:30 and Wednesdays 10:30–11:30, Carnegie 216, 607-2810.

Green: Wednesdays 2–4, Pearsons 207, 607-0906.

## Overview

In this course, we bring together scholarship from philosophy, politics and economics to study the philosophical underpinnings and social institutions of contemporary American society and the world in which it operates. Working across disciplinary boundaries, we examine scholarship that seeks to describe the liberties, freedoms and safeguards that promote human flourishing and that looks carefully at the roles played by market economies and political institutions in the construction of contemporary society.

We will begin with the ways that three philosophical traditions argue for freedom and markets: natural rights theories, utilitarianism, and social contract theories. The second part of the course will involve practice in synthesizing work from different academic fields. Here we will discuss the thesis project that PPE seniors must complete as well as legal, philosophical, and economic approaches to the right of privacy. The final part of the seminar will concern the relationship between freedom and well-being. We will discuss some of the ways that having choices does not make us better off and ask whether the state might play a role in improving our lives by interfering with our choices.

## Coursework and grading

All students enrolled in this course are expected to do the assigned reading, to attend class regularly, and to participate thoughtfully in class discussions. There will be three writing assignments, due on Oct. 15, Nov. 19, and Dec. 11.

PPE majors will follow suit with the first paper. But the second and third assignments involve the senior thesis. The second paper will involve comparing work from different disciplines on the topic of your thesis. The third paper will be a thesis prospectus.

Grades will be based primarily on written work with participation in the seminar being taken into account as well.

## Materials

Almost all of the readings will be made available as pdf files in the Resources section of the Sakai site for this course. The exception is Richard Thaler and Cass Sunstein's book, *Nudge: Improving Decisions About Health, Welfare, and Happiness* (Yale University Press, 2008; Penguin paperback, 2010). This is available in the bookstore.

Announcements, paper topics, notes on class sessions and the readings will be posted on the Sakai site for this course: <http://sakai.claremont.edu/>.

## Outline

This outline constitutes a plan rather than a binding contract. If we get off track, we will let you know at the end of each class period what we will be covering in the next couple of classes. It is your responsibility to keep track of divergences from the schedule presented here.

Tu 9/03 Welcome and introduction

### **Part 1: philosophical arguments concerning freedom and markets**

Th 9/05            In order to have markets, you have to have property rights: without property rights, there are no rights to exchange things in a market. We will begin with John Locke's classic statement of the origins of property and government. In particular, we will be concerned with the limits that Locke puts on the ability to acquire property, such as the requirement that there be enough left for others. The aim is to show that ownership is a complex concept.

John Locke, *Second Treatise of Government*, Ch. 5.

Tu 9/10            The Gibbard article notes that ownership limits liberty: owners have rights to exclude others from using the things they own. So how does the right to acquire property work? Remember, it has to both enhance the owner's rights *and* reduce those of everyone else. Gibbard considers two different versions of a right to acquire property and argues that neither supports the acquisition of unlimited property rights.

Alan Gibbard, "Natural Property Rights," *Nous* 10 (1976), 77-86.

Th 9/12            Locke tried to move from facts about what all human beings are like to conclusions about how they ought to treat one another. The argument isn't compelling without theological assumptions. Williams seeks to improve on Locke by showing that some kinds of inequality are irrational because they fail to reflect the factual equality of human beings. We will be particularly interested in his discussion of distributive justice on pp. 239-49. Williams's claim is that the nature of goods like health care and education determines their proper distribution and that the proper distribution could be considerably different than what a free market would produce. What does that mean? Do goods have natures and do we have to care about them? Robert Nozick criticizes Williams for failing to establish his point and for reaching conclusions that objectionably limit liberty. Nozick asks some good questions about Williams's argument and, by extension, a lot of commonsense thinking about how the economy should work.

(1) Bernard Williams, “The Idea of Equality,” in: *Problems of the Self* (Cambridge University Press, 1973), pp. 230–249. (2) Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books 1974), pp. 232-8.

Tu 9/17            John Stuart Mill gives the utilitarian case for extensive individual liberty, namely, that individual liberty promotes the greatest overall good more than any alternative would. We will pay special attention to the various ways Mill seeks to establish this point. What assumptions about individuals, societies, and governments does he make in order to reach his conclusions about the value of liberty?

John Stuart Mill, *On Liberty*, selections.

Th 9/19            The utilitarian principle favors the actions or policies that promote the greatest good overall. Arrow begins with a weaker principle that is related to the utilitarian tradition: the principle of efficiency. After explaining why markets will reach efficient distributions of goods in carefully specified circumstances, Arrow argues that the markets for health care and health insurance do not meet these circumstances.

Kenneth Arrow, “Uncertainty and the Welfare Economics of Medical Care,” *American Economic Review*, vol. 53 no. 5 (Dec. 1963), pp 941-973.

Tu 9/24            Rawls uses a social contract theory to answer questions about the proper distribution of freedom and wealth. Today, we will discuss his famous proposition that a just distribution of resources must satisfy what he called the difference principle. This means that an unequal distribution of goods is just only if it is necessary to make the standard of living enjoyed by the worst off class in society as high as possible.

John Rawls, *Justice as Fairness: A Restatement*, (Harvard University Press, 2001), pp. 61–72.

Th 9/26            Rawls’s version of the social contract concerns the choices made in what he called “the original position.” The idea is that the principles of justice are those that would be chosen by representatives who do not know who they represent. In today’s reading, Rawls lays out one of his central reasons for thinking that the parties in the original position would choose his principles of justice over utilitarianism. This is one of several arguments in the book; we chose this one because it makes ideas from economics especially prominent.

Rawls, *Justice as Fairness*, pp. 14–18, 94–110.

Tu 10/1            Ronald Dworkin presents an interesting variant on the social contract tradition. Instead of imagining a social contract, he thinks it is more relevant to consider a social insurance scheme. In the course of doing so, he comes up with a novel rationale for markets. Instead of claiming that markets follow from a proper respect for individual liberty, Dworkin thinks they are needed to realize the value of equality.

Ronald Dworkin, “What is Equality? Part 2: Equality of Resources”, *Philosophy & Public Affairs* 10:4 (Autumn 1981), pp. 283–345.

Th 10/3            Last time, we discussed Dworkin’s argument for the centrality of markets. Alas, it isn’t so simple. There is an important class of goods whose distribution should not be determined by the market (auction). For these goods he thinks a hypothetical insurance market is called for. Of course, the auction is hypothetical too. The insurance market is doubly hypothetical because it involves imagining what people would choose if they were deprived of significant information about themselves.

Dworkin, “What is Equality,” especially pp. 292–345.

Tu 10/8            Amartya Sen argues that we can look past subjective measures such as individuals’ self-reported life satisfaction and consider some objective standards of well-being. He argues that focusing on people’s abilities to develop important ways of functioning in the world is an appropriate perspective from which to assess development policy in poor nations. Martha Nussbaum present a list of ten essential functioning she argues are central to human flourishing. These arguments, known as the “capabilities approach,” were influential in the development of the United Nations’ Human Development Index. What do we think of Sen’s argument and Nussbaum’s list of objective goods?

(1) Amartya Sen, “Capability and Well-Being,” in M. Nussbaum and A. Sen, eds., *The Quality of Life*, Oxford University Press (Clarendon Press), 1997, 31-66.

(2) Martha C. Nussbaum, [mercifully brief excerpt from] “Human Functioning and Social Justice: In Defense of Aristotelian Essentialism,” *Political Theory* 20 (1992), pp. 202–46.

Th 10/10           Rawls, Sen and Nussbaum focus on circumstances of the least advantaged groups or persons. Does it matter how much better off others are? Krueger looks at the link between income inequality and income mobility.

Alan Krueger, “The Rise and Consequences of Inequality in the United States,” speech delivered to the Center for American Progress, January 12, 2012.

## **Part 2: the production of interdisciplinary knowledge**

Tu 10/15           Today we will discuss a prize-winning PPE thesis. Read it with a critical eye. What makes it good? How could it be improved? How could you bring some of the things you noticed about this thesis to bear on your own?

Rose Ehler, “Technology, Ethics, and Regulation: A Case Study of the Market for Gestational Surrogacy.” Senior Thesis, Pomona College.

Th 10/17           The thesis is a particular genre, to be structured and produced in a particular way. Today we talk about structure (format) rather than content.

(1) Handouts. (2) Experiment with bibliographic software such as Microsoft Word (it's in there), Zotero, or Mendeley: make entries for an article and a book and practice entering them in a Word document. (3) Bring a laptop to class if you have one.

Tu 10/22            Fall break. No class.

Th 10/24            We will spend two class periods discussing your ideas for your senior thesis. As you listen to your classmates, think about whether the scope of research seems manageable, whether the questions are clearly posed, what approaches might be fruitful, and so forth. The more fully developed your thoughts for your own topic, the farther these discussions can propel you.

Tu 10/29            Discussion of possible thesis topics, continued

Th 10/31            Our next four sessions will be taken up in doing some synthetic work of our own. We have chosen topics in the law, specifically judicial reasoning and privacy. We will begin with the second most cited law review article of all time: Warren and Brandeis's article on the right to privacy. Warren and Brandeis argue that what they call the common law recognizes a right to privacy. Their argument for this conclusion rests on judicial decisions. They argue that the decisions make sense only if there is a right to privacy since contractual and property rights cannot explain why judges reached the conclusions that they did.

Samuel Warren and Louis Brandeis, "The Right to Privacy," *Harvard Law Review*, 4:5 (1890), pp. 193-220.

Tu 11/05            Judith Jarvis Thomson's philosophical analysis disputes Warren and Brandeis's view. She holds that the right to privacy is just another way of referring to other, more basic rights.

Judith Jarvis Thomson, "The Right to Privacy," *Philosophy & Public Affairs*, 4:4 (1975), pp. 295-314.

Th 11/07            We return to privacy with an economic analysis. Judge Posner maintains that this is the best way of understanding the value of privacy.

Richard Posner, "The Right to Privacy," *Georgia Law Review*, 12:3 (1978), pp. 393-422.

Tu 11/12            Computers and the internet raise a host of novel privacy issues. Helen Nissenbaum argues that we can only make sense of them if we accept that there is a right to privacy over information that is public. She also proposes a set of rules for consent and disclosure that offer more realistic protection for privacy than current practices do.

Helen Nissenbaum, “Protecting Privacy in an Information Age” *Law and Philosophy* 17 (1998) (selections) and “A Contextual Approach to Privacy Online,” *Daedalus* 140:4 (2011), pp. 32–48.

### Part 3: well being

Th 11/14 It is commonly thought, especially by economists, that a person is always better off having more choices rather than fewer. You can always ignore some of your options if you don’t want them, after all. Gerald Dworkin argues this is not always true; you can be worse off with more choices rather than fewer.

Gerald Dworkin, “Is More Choice Better than Less?” in: *The Theory and Practice of Autonomy*, (Cambridge University Press, 1998).

Tu 11/19 The classical notion of utility is excess of pleasure over pain, experienced through time. As we did last time, we will ask about the relationship between this theoretical idea and what people actually believe. What does modern evidence suggest? And does money make us happy?

Daniel Kahneman and Alan B. Krueger, “Developments in the Measurement of Subjective Well-Being”, *Journal of Economic Perspectives* 20:1 (2006), pp. 3–24.

Th 11/21 Both philosophy and economics theorize about human well-being. At some point, data intrude. The economists’ model of well-being is generally one of self-centered maximization of utility subject to stable preferences. Sunstein and Thaler discuss the experimental evidence on how closely human behavior fits the model.

Richard H. Thaler and Cass R. Sunstein, *Nudge*, (Yale University Press, 2008; Penguin paperback, 2010). Part I, pp. 1–100.

Tu 11/26 Thaler and Sunstein advocate the design of “choice architecture” to improve outcomes while respecting liberty. We will read the parts of their book that describe specific uses of this general idea.

Thaler and Sunstein, *Nudge*, parts II-IV, pp. 105-228.

Th 11/28 Thanksgiving break

Tu 12/03 Thaler and Sunstein offer a surprising description of their position as “libertarian paternalism.” It’s paternalistic because it involves government action meant to influence people’s choices for their own good. It’s libertarian, they claim, because it leaves it open for people to choose otherwise. Many libertarians are unenthusiastic about welcoming them to their club. They think that the government should almost never have the power to engage in paternalism of any sort. Rizzo and Whitman question whether the government has the knowledge required to act on behalf of citizens who are heterogeneous in their tastes, even intra-personally, and circumstances.

Mario J. Rizzo and Douglas Glen Whitman, "The Knowledge Problem and the New Paternalism," *Brigham Young University Law Review*, 2009, pp. 905-965.

Th 12/05            The final two days of class will be devoted to presenting your thesis prospectus. Plan for a ten-minute presentation, and to answer brief questions.

Tu 12/10            Prospectus presentations, continued.